

STATEMENT OF  
AMERICAN COUNCIL OF LIFE INSURERS  
BY  
JACQUELINE T. LENMARK  
RE: HOUSE BILL 487

ACLI supports HB 487, which would provide the Commissioner of Securities and Insurance with discretion to approve non-traditional groups for purposes of providing group life insurance coverage.

Currently, Montana's group life insurance law, 33-20-11\*, permits only a limited number of groups for purposes of insurance. These include: employees, debtors, labor unions, trustees, and credit unions. In the past, life insurers have been asked to cover groups not listed in the statutes which were therefore unable to obtain life insurance coverage on a group basis, including

1. Church congregants;
2. Adult students; and
3. Community volunteers who are emergency first-responders.

Thirty-five (35) states (list attached) currently grant the Insurance Commissioner the discretion to approve nontraditional groups for life insurance. In these states, the Commissioner still retains the authority to disapprove any proposed group that is contrary to the best interests of the public that would not result in economies of acquisition or administration for the insured individuals, or that offer benefits that are not reasonable in relation to the premiums to be charged. However, the Commissioner has the ability to approve proposed group plan designs that meet these requirements and are otherwise consistent with applicable insurance laws.

Making affordable life insurance coverage more accessible to more people is a key way to address the problem of underinsurance. One study reveals that, of those with life insurance, only 50% had coverage equal to three years' of household income, which typically is not nearly enough to provide for one's dependents in the event of premature death. Allowing the Commissioner to approve groups other than those specifically listed in the current law would allow more Montana groups to purchase affordable group life insurance.

For these reasons, ACLI supports HB 487, which would grant the Insurance Commissioner discretion to approve nontraditional groups who wish to provide life insurance for their members and dependents.

Respectfully submitted,

Jacqueline T. Lenmark

## **States that have discretionary group laws:**

1. Alabama
2. Alaska
3. Arkansas
4. California
5. Colorado
6. Connecticut
7. Delaware
8. District of Columbia
9. Florida
10. Idaho
11. Illinois
12. Indiana
13. Iowa
14. Kansas
15. Maine
16. Massachusetts
17. Michigan
18. Mississippi
19. Missouri
20. Nebraska
21. Nevada
22. New Mexico
23. New York
24. North Dakota
25. Ohio
26. Oklahoma
27. Oregon
28. Pennsylvania
29. South Carolina
30. Texas
31. Utah
32. U.S. Virgin Islands
33. Virginia
34. Wisconsin
35. Wyoming